Overcharging by Drug Manufacturers

†2074. SHRI TARIQ ANWAR: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the sale of patented medicines will take some time but the drug manufacturing companies have started charging the rates arbitrarily from now itself;

(b) if so, the reasons therefor; and

(c) whether any action has been taken by Government against such companies?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (c) The 74 bulk drugs specified in the first Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95 These drugs have been identified for inclusion under price control in the DPCO, 95 on the basis of criteria mentioned in the 'Modification in Drug Policy, 1986' announced in September, 1994. These criteria take into account the extent of usage and the market competition of various drugs.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

The new patent regime has come into effect from the 1st January, 2005. The NPPA has not received any report of abnormal increase in the prices of drugs after 1st January, 2005.

Impact of product patenting Pharma Industry

2075. SHRI G. K. VASAN: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether a study of the impact of product patenting on Indian pharma industry has been made; and

†Original notice of the question was received in Hindi.

(b) if so, the details thereof?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) While considering the amendments to the Indian Patents Act, 1970 elaborate consultations were carried out with all the concerned Departments of the Government of India and also with the various concerned organizations and industry associations including the prominent associations of the pharmaceutical industry. The concerns and apprehensions projected by the pharmaceutical industry, including the impact on the pharmaceutical sector as a whole, have been by and large been given consideration and adequate safeguards to ensure the continued availability of medicines at reasonable prices have been incorporated in the law while finalizing the amendments.

It is estimated that over 95 percent of the drugs being produced in India are off-patent and would not be affected by the introduction of product patent. Similarly the medicines included in the National List of Essential Medicines, 2003 are also off-patent and would not be affected by the product patent regime. The small number of durgs (less than 5 percent) which are likely to be covered under product patent would continue to be produced in the country without any interruption. This has been ensured under the latest amendment in the Indian Patents Act, 1970. A reasonable royalty on the production of such drugs would become payable to the patent-holder company.

Since production of the existing drugs being produced in India would not be affected by the introduction of product patent regime, no adverse impact is likely on the existing units due to this reason.

Taxes on medicines

†2076. SHRI RAM JATHMALANI:
DR. MURLI MANOHAR JOSHI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that taxes upto 60 per cent are being charged on medicines in the country;

(b) if not, the facts in this regard; and

†Original notice of the question was received in Hindi.